

Message Text

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PAGE 01 STATE 215671

73/15

ORIGIN ARA-10

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TO AMEMBASSY TEGUCIGALPA

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C O R R E C T E D C O P Y (LINE 3 PARA 2 OMITTED)

E.O. 11652: N/A

TAGS: EINV, EAGR, HO

SUBJECT: U.S. POSITION ON BANANA CONCESSION CANCELLATION

REF: TEGUCIGALPA 3936

1. USG HAS MADE NO SPECIFIC DETERMINATION ON QUESTION OF WHETHER AUGUST 15 GOH DECREE CANCELLING CONCESSIONS OF TELA-RAILROAD COMPANY (UNITED BRANDS) AND STANDARD FRUIT CONSTITUTES AN ACT OF EXPROPRIATION SUBJECT TO SECTION 620 (E) OF THE FOREIGN ASSISTANCE ACT. THE INTERAGENCY COMMITTEE ON EXPROPRIATIONS, WHICH MET AUGUST 29 TO CONSIDER WORLDWIDE COUNTRY ELIGIBILITY FOR GSP PROVISIONS OF TRADE ACT, DEFERRED DECISION ON HONDURAS PENDING FURTHER
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PAGE 02 STATE 215671

INFORMATION AS TO WHETHER GOH DECREE CONSITITUTES AN

EXPROPRIATORY ACT UNDER SECTION 502 (B) (4) OF THE TRADE ACT. THE CRITERIA USED FOR THE TRADE ACT ARE ESSENTIALLY THE SAME AS USED IN THE HICKENLOOPER AND GONZALEZ AMENDMENTS.

2. THUS FAR, THERE HAS BEEN NO EVIDENCE THAT GOH DOES NOT INTEND TO PROCEED IN ACCORDANCE WITH INTERNATIONAL LAW (WHICH SATISFIES REQUIREMENTS OF SECTION 502(B) (4) OF TRADE ACT AND SECTION 620 (E) OF FAA) IN THIS INSTANCE. MOREOVER, EVERY INDICATION WE HAVE FROM THE AFFECTED COMPANIES IS THAT THEY EXPECT TO WORK MATTERS OUT THROUGH DIRECT NEGOTIATION. THUS, EVEN IF IT IS DETERMINED THAT AN EXPROPRIATORY ACT HAS TAKEN PLACE, THERE WOULD BE NO ADVERSE CONSEQUENCES FOR HONDURAS UNDER TRADE ACT AND FAA AS LONG AS GOH CONTINUES TO SATISFY ITS OBLIGATIONS UNDER INTERNATIONAL LAW.

3. IF EXPROPRIATORY ACT IS DETERMINED TO HAVE OCCURRED, SIX MONTH PERIOD SPECIFIED IN HICKENLOOPER AMENDMENT, WOULD RUN FROM DATE OF EFFECTIVE EXPROPRIATORY ACTION. PRESUMABLY THIS DATE WOULD BE SEPTEMBER 15, 1975.

4. PLEASE POUCH ASAP COPY OF AUGUST 15 DECREE. KISSINGER

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